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AUTHOR Kinser, Kevin

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ABSTRACT

This study developed a profile of regionally accredited for-profit institutions of higher education, studying their characteristics, whether there are regional differences in the characteristics of for-profit institutions, and whether there is a business strategy surrounding regional accreditation that suggests it is valued by owners above other forms of accreditation. Information was gathered through a review of institution Web sites. Focusing on institutional characteristics. The 65 regionally accredited for-profit institutions represent about 8% of all degree-granting for-profit institutions of higher education, and only 2% of all institutions accredited by the 8 commissions. About 25% can trace their origins back more than 100 years; others were founded quite recently. Most grant the associate degree, but 24 institutions offer graduate degrees. Many of these institutions have relatively traditional academic models and faculty roles, but more than half offer the opportunity to study in shortened terms or take accelerated programs. There are differences among the regional commissions as evidenced by the distribution of regionally accredited for-profit institutions, but based on the proportion of for-profit institutions accredited in each region compared to all accredited institutions, the regions are fairly similar. There is evidence that at least some institutions have intentionally sought North Central accreditation because it was perceived to be amenable to their nontraditional organization or academic program, but there is reason to doubt that this accreditation shopping is a widespread activity. Regional accreditation can be considered a business decision for owners of for-profit institutions because it adds value in that the connection between credit transfer and regional accreditation is a benefit and it allows the institution to be linked with other more traditional and well-known institutions of higher education. The investigation points out the need for a better classification of the for-profit sector. (Contains 1 table and 17 references.) (SLD)

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A Profile of Regionally-Accredited For-Profit Institutions of Higher Education

Kevin Kinser
University at Albany

kkinser@albany.edu

Paper presented at the Association for the Study of Higher Education Annual Meeting
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A Profile of Regionally-Accredited For-Profit Institutions of Higher Education

Regional accreditation has been undergoing significant reform of late (Eaton, 2001b), with all of the regional associations having revised their eligibility requirements and/or standards within the last few years (Gratch-Lindauer, 2002). Much of the attention of this reform has been on the accreditation of distance learning providers (Eaton, 2001a) and the role of accreditors in quality assurance, assessment and improvement (Ratcliff, Lubinescu, & Gaffney, 2001). Other topics have included inter-regional cooperation, international activities, and attention to issues of teaching and learning (Eaton, 2001b). Not just the standards, but the national organization of higher education accreditation has changed as well. The founding of the Council for Higher Education Accreditation in the mid-1990s represented an attempt to create a voice for regional accreditation in national policy debates that the Council on Postsecondary Accreditation, now defunct, had become unable to provide (Bloland, 2001).

This change and reform to regional accreditation has happened during a time when non-traditional institutions of higher education have captured the attention of policy-makers and the public—ensuring that the regionals pay some attention as well. In particular, distance education institutions (Eaton, 2001a), cross-regional institutions (Kinser, 2002), and to a lesser extent, competency-based institutions (Terkla, 2001) have been the focus of the regional accreditors. For example, several virtual universities have received regional accreditation, and the cross-regional and competency-based Western Governors University (WGU) set a precedent in receiving joint accreditation from four regional commissions.

One category of non-traditional institution, however, has been relatively ignored by the regional associations: for-profit higher education (Eaton, 2001b). Despite significant growth and

market attention over the past two decades (Ruch, 2001) no special attention has been paid to encouraging the regional accreditation of this sector of higher education. Few accreditation policies toward the for-profit sector have been overtly modified (Education Commission of the States [ECS], 2000), and the topic of regional accreditation and for-profit higher education has only been sporadically addressed at annual meetings of accreditors[1]. Judith Eaton, president of the Council of Higher Education Accreditation, suggests that for-profit colleges and universities have been served primarily by other, national accrediting bodies and that there is "limited interest in expanding regional accreditation to accommodate more…for-profit providers" (Eaton, 2001b, p. 44). If interest were to emerge, she argues, regional accreditors should consider developing a special review process designed for the for-profit sector. Most regional accreditors, however, seem to take the position that for-profit higher education should be evaluated through substantively the same process as not-for-profit private and public institutions, even as they acknowledge that some existing standards are in fact applied differently to the sector (ECS, 2000).

Regional accreditation of for-profit colleges and universities, while rare, does exist. There are approximately 800 degree-granting for-profit institutions of higher education in the United States (Knapp, et al., 2003), fewer than ten percent of which are regionally accredited. While the literature on for-profit higher education has been expanding (Lechuga, Tierney, and Hentschke, 2003), little has been written about regionally-accredited institutions as a group. As a question of accreditation reform, it is difficult to assess the need for policy change without understanding how an important and growing segment of the postsecondary universe has participated in the current accreditation framework.

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[1] The North Central Association's Higher Learning Commission is an exception. They have been engaged in a restructuring conversation which touches on many issues raised by the for-profit sector, though not driven by them. See Crow, 2002.

The study of the for-profit higher education sector, too, would benefit from an examination of a small but important subset of institutions: those for-profits which have met regional accreditation guidelines. Regional accreditation is the coin of the realm in higher education, perhaps the best—if not the only—definition of a "real" institution of higher education. A portrayal of for-profit higher education which is solidly within the traditional framework of regionally-accredited institutions of higher education would provide some depth to the generally superficial and anecdotal discussions that mar much of the existing literature on the sector (Lechuga, Tierney, and Hentschke, 2003).

Questions of the study

This paper, therefore, provides a profile of regionally-accredited for-profit institutions of higher education. Looking at the intersection between non-traditional providers of higher education and the traditional guardians of legitimacy in the academy, three questions are explored:

1. What are the characteristics of regionally-accredited for-profit institutions of higher education?
2. Are there regional differences in the characteristics of for-profit institutions? If so, is there evidence to support the existence of "accreditation shopping"[2]?
3. Is there a business strategy surrounding regional accreditation that suggests it is valued by owners above other forms of accreditation?

After identifying all regionally-accredited for-profit institutions of higher education as described below, information was gathered through a comprehensive review of material posted on

[2] Accreditation shopping suggests that an educational provider will compare regional policies to determine which accreditor will be most accommodating, and then seek accreditation from that region. The concern is that one region's idiosyncratic policies could become a beacon for non-standard educational practices, and regional accreditation as a national policy of quality control would suffer.

institutional web sites, including course catalogs, program descriptions, faculty and student handbooks, admissions materials, and multi-media exhibitions (e.g., virtual campus tours, advertising spots, archived video and audio of campus events, etc.). Data were collected on the history of the institutions, their academic models, and curricular offerings. A search strategy was employed to ensure that every primary page on each site was examined. Course catalogs and other significant documents were downloaded; notes were taken on other information and on documents not easily downloaded with indications as to where on the site they could be found. Key pieces of information were sometimes not available through institutional web sites. Some items, such as accreditation status and date of accreditation, could be confirmed with the regional accreditors. Others, such as date of founding and ownership, were identified through consulting guidebooks, local newspapers, and internet keyword searches. Accuracy was assumed if two sources gave similar information. In rare cases, the institution was contacted directly to provide information, but this was not a particularly productive strategy.[3] For those institutions owned by publicly-traded companies, annual reports and other shareholder information documents were consulted, with a similar search strategy and document download procedures as for the institutional sites.

The next section details how institutions were identified for the analysis, followed by sections that provide an overview of for-profits accredited by the regional commissions, differences among the regions, and a discussion of accreditation as a business decision. The paper concludes with a section detailing several questions raised by this investigation, and how the study of for-profit higher education in general might be improved by a better classification of institutions in the for-profit sector.

[3] No response was the most common outcome of these queries.

Generating the list

The first and most basic task in this analysis was determining the population of regionally-accredited for-profit institutions of higher education. There were two problems. The first problem was the inconsistent data presented in the literature. Eaton (2001b) reports that in 1999 there were 69 regionally-accredited for-profit colleges and universities. The Education Commission of the States (2000) counts 64 for-profits with regional accreditation. Bailey, Badway, and Gumport (2003) cite a 1991 study which found 23 percent of degree-granting for-profit institutions held regional accreditation — approximately 200 schools. The authors remark that current data show a much smaller proportion, but do not provide their calculations.

The second problem (which likely explains the first problem) is that primary sources of data are unreliable and inaccurate. The Integrated Postsecondary Education Data System (IPEDS), a U.S. Department of Education dataset maintained by the National Center for Education Statistics (NCES, 2003), can be accessed through three separate interfaces: the Electronic Codebook, the Peer Analysis system, and College Opportunities On-Line (COOL). None has the same list of regionally accredited for-profit institutions. Wrong classification of accreditation status and control (profit or not-for-profit), as well as some for-profit institutions which are missing entirely from the dataset, make it difficult to interpret data based on an IPEDS analysis. Turning to the accreditors themselves, most do not provide information on the for-profit status of schools listed in their directories of accredited institutions. The information is unavailable from the dataset maintained by the Council for Higher Education Accreditation (2003). Requests made to each commission resulted in lists of varying quality. For four out of the eight commissions, a list was provided which had to be revised.

The final list of institutions used in this analysis, then, was generated by constructing a

master list of all regionally-accredited for-profit institutions from the IPEDS data base using the Peer Analysis system and data from the Fall 2001 survey of institutional characteristics. Peer Analysis was selected because it consists of the most current data which allows searching based on control (for-profit) and accreditation status (Patricia Brown, personal communication, September 17, 2003). A total of 241 institutions were identified. Next the lists from the regional accreditors were compared to the Peer Analysis list. Institutions which had been accredited since the IPEDS data were collected were added. Also, with the exception of the Art Institutes, multiple campuses of the same institution were eliminated, since in most cases they were viewed as a single accredited institution by the regional associations[4]. Three foreign institutions with regional accreditation were not included. The for-profit and accreditation status of each institution was verified either by consulting the institution's web site, or by contacting an institutional representative. Table 1 provides the resulting list of 65 for-profit institutions of higher education which are regionally accredited.

For-Profits in the Regional Associations

The system of regional accreditation divides the United States into six geographic regions based on state borders. Institutions of higher education are accredited by one of eight commissions:

- Northwest Commission on Colleges and Universities (Northwest)
- Western Association of Schools and Colleges, Accrediting Commission for Community and Junior Colleges (WASC-Jr)
- Western Association of Schools and Colleges, Senior College Commission (WASC-Sr)
- North Central Association Higher Learning Commission (North Central)

[4] Some Art Institutes are treated as separate campuses by the regional accreditors. This and other unique characteristics of the Art Institutes will be discussed later in the paper.

- Southern Association of Schools and Colleges Commission on Colleges (SACS)
- Middle States Association of Schools and Colleges (Middle States)
- New England Association of Schools and Colleges Commission on Institutions of Higher Education (NEASC-CIHE)
- New England Association of Schools and Colleges Commission on Technical and Career Institutions (NEASC-CTCI)

The regions are different sizes, ranging from North Central which covers 19 states in the Midwest and southwest, to the WASC region which has authority over just two states, California and Hawaii. Combined, the eight commissions accredit approximately 3300 postsecondary institutions, including the vast majority of all public and private not-for-profit institutions of higher education.

The 65 regionally accredited for-profit institutions represent about eight percent of all degree-granting for-profit institutions of higher education, and only two percent of all institutions accredited by the eight commissions. They are distributed roughly equally among the regions, with for-profit institutions representing between one and two percent of the accredited schools in each region. Every commission except NEASC-CIHE has accredited for-profit institutions.

Regional accreditation of for-profit institutions began in the mid-1970s. The Western State University College of Law was accredited by WASC-Sr in 1976. Middle States, WASC-Jr and WASC-Sr accredited their first for-profit institutions in 1977: Central Pennsylvania College and the Laboratory Institute of Merchandising for Middle States, Brooks College for WASC-Jr, and the Art Institute of Portland for Northwest. North Central accredited the University of Phoenix in 1978, SACS followed with Sullivan University and the Art Institute of Miami in 1979. NEASC-CTCI was the final commission to accredit a for-profit institution: Briarwood

College in 1982. All together, ten for-profit institutions were accredited in the 1970s, 19 in the 1980s, 23 in the 1990s, and 13 so far this decade. The most recent institutions to receive accreditation were MTI College (WASC-Jr), Northcentral University (North Central), and Westchester Business Institute (Middle States), all in 2003. There are also at least eleven for-profit institutions which are candidates for accreditation: Six of them are in Middle States, three are in NEASC-CTCI, and two are in the North Central region.

Institutional characteristics

For-profit higher education is often considered a new or emerging phenomenon. Almost 25 percent, however, of the regionally-accredited for-profit institutions can trace their origins back more than 100 years. The oldest are Bryant and Stratton College (1854) and Davis College (1858). About 40 percent of these institutions, on the other hand, were founded in the 1960s and 1970s. The three newest institutions are "virtual universities" founded in the 1990s: Jones International University (1993), Capella University (1993) and Northcentral University (1996).

Most of the regionally accredited for-profit institutions grant the associate degree. It is the only degree awarded by 25 institutions, while another 28 schools offer higher degrees in addition to the Associate's. The Bachelor's degree is the highest degree awarded by 16 institutions, while 24 institutions offer graduate degrees. The Master's degree is the top award for 16 institutions, seven offer a Doctoral degree, and one school offers the Juris Doctorate. Almost all institutions offer degrees in business, computer/technical fields, or health and psychology; only three schools do not: two art and design schools and a law school. In addition to these fields, degrees are also offered in office/support staff, paralegal studies, criminal justice, travel and tourism, education, and culinary arts. Few other degree types are represented. Three institutions offer degrees in engineering, two offer degrees in veterinary science, while athletic training, aviation mechanics,

and fire science are each offered by one institution. Five institutions offer a degree in general or liberal studies.

Many of the regionally-accredited for-profit institutions have relatively traditional academic models and faculty roles. More than 60 percent of the institutions describe their faculty in traditional terms and employ a traditional academic calendar (i.e., quarter, trimester, or semester). These institutions have a substantial core of full-time faculty with authority over the curriculum and relevant academic credentials. Part-time or adjunct faculty are employed to augment the instructional capacity of the full-time faculty. For this group of institutions, the faculty look very much like the faculty at many community colleges or second-tier four-year institutions.

There are also several institutions with college-sponsored residential facilities, athletics, student clubs, and other elements of a traditional student life program. While most of the for-profit institutions have academic or career-specific student groups, at least eight have student organizations and intercollegiate sports which promote the social aspects of the collegiate experience. Almost 25 percent have a residential life program. In addition, 40 percent of the institutions have an active alumni program, evidenced by an alumni newsletter, gathering, or formal alumni organization. Nearly 20 percent also have a not-for-profit foundation for fundraising purposes, often connected to the alumni program.

Of course, regionally-accredited for-profit institutions are not all traditional institutions. More than half offer students the opportunity to study in shortened terms or take accelerated programs of study, and credit for experience is promoted for returning adult students. Several institutions advertise how quickly students can earn a degree. The web page of Hamilton College in Iowa, for example, states that students can earn a bachelor's degree "in the shortest time

possible." In addition, at least ten institutions employ a disaggregated faculty model, where the curriculum is centrally designed by core faculty or external academic consultants while a largely part-time staff is hired as instructors.

Departing from the traditional collegiate organizational model, there are 12 for-profit institutions with campuses in more than one state. Six institutions have campuses in more than one region. An additional six are "virtual universities" which have a distributed model of curriculum delivery with essentially no campus-based programs. There are also groups of institutions under common ownership which share certain services, such as career services and admissions in the case of Career Education Corporation. Several of the institutions owned by Kaplan Higher Education, for example, have web pages with similar navigation and graphics. The national system of Art Institutes, owned by Education Management Corporation, all receive benefits from the same not-for-profit Art Institute foundation, even though in other respects they operate as distinct institutions.

Ownership

Three categories of ownership characterize this group: family-owned, private corporation, and public corporation. Families and private corporations own approximately 55 percent of the regionally-accredited for-profit institutions of higher education. It is difficult to distinguish between these categories, but 21 percent of the institutions seem to be named after the president or board chair, or reference family ownership in their institutional histories. For example, South College in Tennessee is owned by Stephen South who purchased it and changed its name in 1989. Bryant and Stratton College has been owned by the same family since its founding nearly 150 years ago. Private corporation ownership, on the other hand, is suggested by those institutions which are controlled by investors or other corporate interests. So, for

example, National American University is owned by DLORAH, a South Dakota corporation. Capella University is owned by the Minnesota-based Capella Education Company. It is not clear from the review conducted here, however, whether many institutions are family-owned or operated by a private corporation. For example, the phrase "locally owned and operated" used by Huntington Junior College, or the fact that the current president of Pacifica Graduate Institute is the founding president, were considered to be ambiguous statements of ownership. Hence 16 institutions were classified as having "local" ownership, in addition to the 14 family-owned institutions and six owned by privately-held corporations[5].

Ownership by a public corporation is, on the other hand, obvious. Nine publicly-traded companies own 29 regionally-accredited institutions of higher education. DeVry University and Strayer University are publicly-traded for-profit university systems. Apollo operates the University of Phoenix, the College of Financial Planning, and Western International University. Sylvan owns National Technological University and Walden University. Corinthian Colleges owns Everest, a small college in Phoenix. Education Management Corporation owns Argosy University, the Art Institutes, and three other schools. Career Education Corporation owns five institutions. Kaplan Higher Education, owned by the Washington Post Company, controls four regionally accredited schools including Kaplan College, the home of Kaplan's distance learning operations. Finally, Tenet Health Systems owns Deaconess College, a century-old nursing school it acquired in the purchase of a St. Louis hospital in 1997.

With the exception of DeVry, Strayer, and Tenet, each of these companies also own institutions of higher education that are not regionally-accredited. For the larger corporations, only a fraction of the schools they own are regionally-accredited. Career Education Corporation, for example, owns 78 postsecondary institutions, and Corinthian Colleges owns 81. Most of the

[5] On-going research seeks to clarify this issue.

domestic institutions owned by Sylvan and Apollo, on the other hand, have earned regional accreditation[6].

Regional Differences and Accreditation Shopping

There are differences among the regional commissions as evidenced by the distribution of regionally-accredited for-profit institutions. NEASC-CIHE is unique in that it is the only commission to have no for-profit members. This may not be problematic, however, given that NEASC-CTCI does accredit several for-profit institutions in the region. A similar situation in the Western region exists where the for-profit institutions are more likely to be accredited by WASC-Jr than by WASC-Sr. WASC-Sr resembles Northwest in that each has accredited only two specialty degree institutions, law and psychology in the case of WASC-Sr and art and design in the case of Northwest. Since the Northwest commission is the only accreditor for the region (as opposed to the two commissions in both the Western and New England regions), it may be that the owners of a for-profit institution would have a more difficult time earning regional accreditation in Salem, Oregon than they would in Salem, Massachusetts or San Diego, California. Nevertheless, for-profit institutions have been accredited in every region so there is no categorical prohibition which would prevent one from being considered and evaluated, no matter its geographic location.

Based on the proportion of for-profit institutions accredited in each region compared to all accredited institutions, the regions are fairly similar. If one looks closer at the type of institution accredited, however, North Central is clearly different. It is the only commission to accredit virtual universities — all six are in North Central's region — and it has approved half of all for-profit institutions with major distance education programs. In addition, five out of the

[6] Sylvan also owns ten universities in other countries, two of which have regional accreditation from NEASC-CTCI. No foreign institutions, however, were included in the analysis for this paper.

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seven for-profit doctoral degree granting institutions are accredited by North Central. It is also much more accepting of alternative calendars and non-traditional faculty roles than other commissions. Almost all disaggregated faculty models and alternative academic calendars are at institutions approved by North Central. For the for-profit institution with a distance education program and a nontraditional academic model, North Central is clearly an accommodating region.

The distinctiveness of North Central is even more remarkable when one looks not at institutional accreditation, but the number of campuses. Counting all locations of multi-campus systems, there are 382 regionally-accredited for-profit campuses among the regions. North Central accredits 68 percent of them. The University of Phoenix has over 130 campuses in 30 states and DeVry has more than 50 locations in 20 states. Both institutions, representing half of all regionally accredited for-profit campuses, have disaggregated faculty models and alternative calendars. They are also multi-region institutions. Because of North Central accreditation, then, academic and faculty models which most other commissions have not accredited are nonetheless established in every region.

Given that there does seem to be differences among the regions, specifically that North Central accredits a wider variety of nontraditional institutions and academic models than do the other commissions, the potential for accreditation shopping would seem to exist. Owners who wished to earn gain regional accreditation for their institution might find it makes good business sense to locate their central administrative office in the North Central region. There is some evidence which suggests this has happened. Two institutions, the University of Phoenix and Walden University both moved their offices and operations early in their histories because they could not get accredited in their original region. As the Walden University catalog puts it, the

University moved from to the North Central region "in an effort to gain accreditation in a region that nurtures nontraditional post-baccalaureate education" (Walden University, 2003). John Sperling (2000), the founder of the University of Phoenix, writes in more colorful language about his battles with the Western Association, and how his University's move to Phoenix and the North Central region was completed specifically to bypass an uncooperative commission.

A more contemporary regional switch involves the creation of Argosy University. In 2001, the Argosy Education Group (which was later purchased by Education Management Corporation) combined three separate institutions it owned into a single for-profit university system. One of the three institutions, the American Schools of Professional Psychology, had North Central accreditation, the University of Sarasota was accredited by SACS, and the Medical Institute of Minnesota, the third institution combined, was nationally accredited. The decision was made to move University of Sarasota and the Medical Institute to North Central accreditation, rather than seek SACS accreditation for the new institution. While there are no published statements from Argosy suggesting this decision was made to consciously avoid stricter scrutiny of the institution's nontraditional organization, the choice was made to move to the regional accreditor which had more experience with the model being proposed.

The final piece of evidence which may support the notion of accreditation shopping is the existence of the six virtual universities. These are institutions which essentially have no physical campus. They could have decided to seek accreditation from any commission in any region. However, they all chose North Central. Their reasons for doing so have various explanations. Walden University, the oldest of the six, clearly choose its location in Minnesota for accreditation purposes as was discussed above. National Technological University (NTU), accredited in 1984, was originally a not-for-profit consortium of traditional colleges and

universities; its accreditation in North Central was connected to its Colorado State University origin. The College for Financial Planning (CFP), accredited in 1994, had been located in Colorado for more than twenty years before seeking accreditation. Likewise, Jones International University emerged from Jones International, Ltd., a company with a twenty-year history in Colorado before developing the University and pursuing North Central accreditation in the mid-1990s. Capella University and Northcentral University, on the other hand are new institutions, founded in the 1990s, which both immediately pursued regional accreditation (Capella from Minnesota and Northcentral from Arizona). Capella was founded by individuals who had lived and worked in Minnesota for many years before founding the University. Northcentral University on the other hand, was established in Phoenix by Donald Hecht. Hecht also founded the Southern California University for Professional Studies (SCUPS), a distance education school in the Western region. It is not clear why he moved to a different region to start Northcentral. Out of the six virtual universities accredited by North Central, then, four have plausible connections to the region that suggests their location may be due to circumstance rather than due to an awareness of regional accreditation policies. Of the two remaining, Walden clearly states that it chose the region so that it could gain regional accreditation, and Northcentral University has no clear connection to the region. Its decision to locate in the North Central region seems susceptible to an interpretation of accreditation shopping.

While the evidence suggests that at least some institutions may have intentionally sought North Central accreditation because it was perceived to be amenable to their non-traditional organization or academic program, there is reason to doubt that this is a widespread activity. To counter the stories of intentional selection of the University of Phoenix and Walden University, are the accreditations of Strayer University (Middle states), and American Intercontinental

University (SACS). They are two multi-region institutions with extensive distance education programs that did not need to move from their original location in order to gain accreditation. Also, the 29 campus Art Institute system provides an example of a different accreditation decision than what Argosy University chose. Each Art Institute is accredited either by a national accreditor, or by the regional commission for their state. SACS accredits four Art Institutes, NEASC-CTCI accredits one, and Northwest accredits two — the only two for-profit institutions, in fact, accredited by this commission. The distance education "campus" of the Art Institute system is currently a candidate for accreditation from Middle States. There are five Art Institute campuses within North Central's region, on the other hand, and none have sought regional accreditation. The comparison to the decision made by Argosy is significant since both systems are owned by Education Management Corporation. If accreditation shopping was part of the Argosy business plan, it is not evident in the case of the Art Institutes.

Regional Accreditation as a Business Decision

Regional accreditation can be considered as a business decision for the owners of these institutions. Significant time and resources must be devoted to the process in order to be successful, so it must be seen as having some value to the bottom line. The value can be described in three ways. First of all, the connection between credit transfer and regional accreditation was made by many of the for-profit institutions investigated. Articulation agreements had been reached between many of the two-year colleges in this sample and four-year colleges in the region. Jamestown Business College in New York, for example, offers transfer programs with Niagara University and the University of Pittsburgh. Regional accreditation allows these institutions to provide educational options for their students beyond the limited degree programs the schools are able to offer alone.

The second place where value comes in is as a mark of distinction. There are not many for-profit institutions with regional accreditation. It sets those who have it apart from the rest. Keiser College in Florida states that it is "one of the few private junior colleges in the Southeast region of the US accredited by the Commission on Colleges of the Southern Association of Colleges and Schools." Rocky Mountain College of Art and Design in Denver promotes itself as "the only regionally-accredited specialty art and design college between Kansas City and Los Angeles." To be "one of the few" or "the only" school of its type may make a difference in the crowded marketplace of institutions.

The final aspect of regional accreditation which seems important to these schools is in the association with other, more traditional and well-known institutions of higher education. Thus, American Intercontinental University describes what it means to be regionally accredited: "From Harvard to Stanford, the regions are set up geographically and colleges and universities are required to adhere to high quality standards to achieve accreditation." Capella University states that it is accredited by "the same body that accredits major universities in the Midwest, including Big Ten universities." Kaplan College says that the regional associations are the same ones "that also accredit other higher education institutions throughout the country, such as Arizona State University, Purdue University, and the University of Chicago." Regional accreditation is a way to gain legitimacy as a higher education institution through association with prestigious, name-brand universities.

There may also be competitive pressure for owners to seek regional accreditation if other for-profit schools in their market become accredited. The best example of this may be found in the earliest for-profit institutions to receive regional accreditation. Of the ten for-profits accredited in the 1970s, six were specialty art and design schools: two accredited by Middle

States, two by WASC-Jr, one by SACS, and one by Northwest. The Middle States' schools were both in New York City, and the WASC-Jr schools were both in Los Angeles. Regional accreditation, newly available during these years, may have encouraged some attempts to gain a competitive advantage. To maintain the status quo, other institutions may have felt the need to achieve the same status. It is difficult, however, to discern a similar pattern in other cities or fields of study in more recent years.

In these analyses of owner's interest in regional accreditation, it is good to remember that if regional accreditation is a business decision, it is still a fairly rare one. Looking at the publicly-traded companies, for example, the minority of the colleges they own are regionally accredited. There does not seem to be a significant effort to gain regional accreditation for those institutions which do not currently have it. Of the eleven for-profit institutions currently in candidacy status, four are owned by public companies: three by Career Education Corporation, and one by Education Management Corporation. These two companies, however, own nearly 100 non-regionally accredited institutions. How rare is it for a publicly-traded company to seek accreditation for one of its schools? Assuming that these four candidate schools go through the regional accreditation process and achieve initial accreditation, they will be the first higher education institutions owned by a company traded on the stock market to make this transition.[7]

The purchase of institutions that already have regional accreditation would be another indicator that companies see the value in this credential and are actively pursuing it for their holdings. This does not seem to be the case. In the last year, for example, Education Management Corporation, has purchased at least 11 colleges. Only two had regional accreditation. During the same period, Career Education Corporation has purchased at least four

[7] All other publicly-owned regionally-accredited institutions earned their accreditation before they were purchased or before the company went public. One partial exception is the Medical Institute of Minnesota which initially earned regional accreditation in the Argosy University merger described above.

institutions in the US (along with several foreign schools). Just one is regionally accredited. In 2000, Kaplan Higher Education purchased 31 colleges in its acquisition of Quest Education Corporation, 11 of which were regionally accredited. Since then, it has purchased at least four additional institutions. None of the company's recent purchases have regional accreditation. Accreditation is important for these companies, just not regional accreditation. For access to federal financial aid and regulatory approval to operate and offer degrees, national accreditation seems to be the preferred option.

Continuing questions

One of the important results of this investigation is simply the accurate identification of the set of regionally accredited for-profit institutions of higher education. With the knowledge of these institutions firmly in hand, several additional questions and issues can now be explored. Four are identified below.

1. Is the regional accreditation of for-profit institutions of higher education a growing trend? The numbers of institutions gaining accreditation have been increasing over the past three decades, but not dramatically so. With the expansion of the for-profit sector, more institutions may be interested in moving to regional status. The reasons why institutions may or may not choose the regional accreditation path deserve closer attention, if only to help forecast the future demand on accreditors.
2. Regional and national accreditation are parallel systems that, at least currently, serve different purposes and populations. But are they equivalent systems? What are the benefits of each for the populations they serve? What difference does it make to the institution which chooses one or the other? In particular, the regional accreditors tend to be seen as gatekeepers of the academy, yet this investigation has shown how the gate is opened wider in some

regions than in others. How much can the regions differ before regionalism itself becomes unsustainable? The continuing accreditation of distance education providers and expansion of cross-regional institutions may pose a significant challenge to the model of distinct academic standards based on geography.

3. Publicly-traded owners of institutions of higher education need to expand their operations in order to exhibit the annual growth expected by shareholders. The purchase of existing for-profit institutions is a common growth strategy. What happens to these institutions after they are purchased? Are they changed to better match an overall corporate mission? Or do they maintain a fairly consistent identity with only a change in the seats on the governing board? Regional accreditation could provide some protection against dramatic changes in mission brought about by a determined new owner. Or it may be irrelevant when other fundamentals are at work. For the family-owned for-profits, this may be an important consideration as they look to the long-term legacy of their business. For corporations, this may determine whether regional accreditation becomes a positive or negative part of the investment calculation as they look for expansion opportunities.
4. How may public policies toward for-profit higher education and accreditation change? At the federal level, Sally Stroup, Assistant Secretary in the U.S. Department of Education was quoted recently as saying, "The proprietary sector has done a great job cleaning up their act. Their accrediting standards are better than the big regionals. We at ED generally view them as equals of the four-year schools" (Overheard at Recent Events, 2003). The reauthorization of the Higher Education Act offers the government the opportunity to rethink its relationship with for-profits and the benefits that accrue to regionally accredited institutions. At the state level, there are three states with no degree-granting for-profit institutions of higher education,

and there are nine states with no regionally-accredited for-profits[8]. What are the distinctions among state policies that explain the distributions of for-profit institutions among the states and their decisions to seek regional accreditation? How might the emerging policy debate surrounding diploma mills in states like Mississippi (Carnevale, 2003) affect the competitive ability of legitimate for-profit institutions? For-profit institutions have received their share of criticism from state and federal policy-makers in the past, but the current trends seem to point toward the inclusion of for-profit higher education in the same regulatory framework as the public and not-for-profit private sector institutions. Regional accreditation has also been regularly criticized, but in contrast to the for-profit sector, the mood for criticism seems to be continuing. How the intersection of regional accreditation and the for-profit sector will emerge from these ongoing policy debates is worth watching.

To begin exploring these four issues, one could turn to the history and current activities of The Art Institutes, which emerged as a rather unique system of institutions in this analysis. Owned by the Education Management Corporation, there are 29 Art Institutes across the United States and Canada. Some have regional accreditation. Some have national accreditation. One is currently in the process of switching from national to regional accreditation. It has campuses in every region, but there is no pattern to its accreditation by the regional commissions. It is accredited by the Northwest commission and the New England commission (CTCI), but not by North Central or WASC. The Art Institute of Portland, one of the first for-profit institutions to earn accreditation, has been accredited since 1977. The original and oldest Art Institute in Pittsburgh, on the other hand, is only now seeking accreditation from Middle States—80 years after it was founded and more than 30 years after Education Management Corporation purchased

[8] Another eight states only have campuses of one of the major multi-state institutions: Argosy University, DeVry University and/or the University of Phoenix.

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it. As a publicly traded company, Education Management Corporation adds campuses by both creating new branch campuses of existing Art Institutes, as well as by purchasing existing independent schools of art, culinary arts, and design. They are expanding into new states. They are opening an on-line campus. In many real and significant ways, the Art Institutes as a group provide a window into the world of accreditation and the for-profit sector. A case study of these institutions would be invaluable to understanding this world.

Conclusion: Toward a Classification of the For-Profit Sector

This investigation points out the need for a better classification of the for-profit sector. Most of the literature focuses on just a few of the huge, multi-campus, multi-state institutions (e.g., Ruch, 2001) which provides a distorted picture of the larger population of for-profit institutions. Even if one just looks at the regionally-accredited institutions as in this paper, it is easy to see that the University of Phoenix, for example, is far from representative of for-profit higher education. In fact, for many analyses, it might be best to exclude the University of Phoenix, DeVry and others because their size makes it difficult to see patterns in the overall population. There may also be important differences between schools owned by publicly-traded companies and those owned locally, and between single-campus schools, and those with campuses in several states or regions. Accreditation status is just one way of dividing up the universe of for-profit institutions of higher education. It is not a neat division, but combined with other distinctive categories, a more complete and accurate picture of the for-profit sector would emerge.

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Table 1

Regionally Accredited For-Profit Institutions of Higher Education

Institution	Accreditor[a]	Founded	Accredited	Multiregion	Campus[b]	Owner[c]	High deg[d]
American Intercontinental University	SACS	1970	1987	yes	6	CEC	M
Andover College	NEASC-CTCI	1967	1998	no	1	local	A
Argosy University	North Central	1975	2001	yes	19	EDMC	D
Art Institute of Atlanta	SACS	1949	1985	no[e]	2	EDMC	M
Art Institute of Dallas	SACS	1964	1998	no[e]	1	EDMC	M
Art Institute of Houston	SACS	1974	2000	no[e]	1	EDMC	M
Art Institute of Portland	Northwest	1963	1977	no[e]	1	EDMC	B
Art Institute of Seattle	Northwest	1946	1993	no[e]	1	EDMC	B
Bauder College	SACS	1964	1985	no	1	Kaplan	A
Berkeley College	Middle States	1931	1983	no	5	local	B
Briarcliff College	Middle States	1968	1996	no	2	CEC	B
Briarwood College	NEASC-CTCI	1966	1982	no	1	local	A
Brooks College	WASC-Jr	1971	1977	no	1	CEC	A

Table continues

Institution	Accreditor[a]	Founded	Accredited	Multiregion	Campus[b]	Owner[c]	High deg[d]
Brown Mackie College	North Central	1892	1980	no	2	EDMC	A
Bryant and Stratton College	Middle States	1854	2002	yes	14	family	B
Capella University	North Central	1993	1997	n/a[f]	1	Priv corp	D
Central Pennsylvania College	Middle States	1881	1977	no	1	local	B
College for Financial Planning	North Central	1972	1994	n/a[f]	1	Apollo	M
Colorado Technical University	North Central	1965	1980	no	3	CEC	M
Davis College	North Central	1858	1991	no	1	family	A
Deaconess College of Nursing	North Central	1889	1985	no	1	Tenet	B
DeVry University	North Central	1931	1981	yes	58	DeVry	M
ECPI College of Technology	SACS	1966	1998	no	6	local	A
Everest College	North Central	1982	1997	no	1	Corinthian	A
Fashion Institute of Design and Merchandising	WASC-Jr	1969	1978	no	4	family	A
Five Towns College	Middle States	1972	1988	no	1	local	M
Florida National College	SACS	1988	1997	no	2	family	A
Hamilton College	North Central	1900	1996	no	4	Kaplan	B

Table continues

Institution	Accreditor[a]	Founded	Accredited	Multiregion	Campus[b]	Owner[c]	High deg[d]
Hesser College	NEASC-CTCI	1900	1985	no	5	Kaplan	A
Huntington Junior College	North Central	1936	1997	no	1	local	A
ICPR	Middle States	1946	1985	no	3	local	A
Int'l College of Hospitality Mgt-Cesar Ritz	NEASC-CTCI	1992	1998	no	1	Priv corp	A
Jamestown Business College	Middle States	1886	2001	no	1	local	A
Jones International University	North Central	1993	1999	n/a[f]	1	Priv corp	M
Kaplan College	North Central	1937	1997	no	1	Kaplan	B
Keiser College	SACS	1977	1991	no	8	family	B
Laboratory Institute of Merchandising	Middle States	1939	1977	no	1	family	B
Macintosh college	NEASC-CTCI	1896	1988	no	1	CEC	A
Miami Int'l University of Art and Design	SACS	1965	1979	no[e]	2	EDMC	M
Midstate College	North Central	1888	1999	no	1	family	B
Monroe College	Middle States	1933	1990	no	2	local	B
MTI college	WASC-Jr	1965	2003	no	1	family	A
National American University	North Central	1941	1985	no	12	Priv corp	M

Table continues

Institution	Accreditor[a]	Founded	Accredited	Multiregion	Campus[b]	Owner[c]	High deg[d]
National Technological University	North Central	1984	1984	n/a[f]	1	Sylvan	M
New England Inst. of Art and Communication	NEASC-CTCI	1988	1999	no[e]	1	EDMC	B
Northcentral University	North Central	1996	2003	n/a[f]	1	Priv corp	D
Northwestern Business College	North Central	1902	1997	no	3	local	A
Pacifica Graduate Institute	WASC-Sr	1974	1997	no	1	local	D
Pittsburgh Technical Institute	Middle States	1946	2002	no	1	local	A
Plaza Business Institute	Middle States	1916	2002	no	1	local	A
Rasmussen College	North Central	1900	2002	no	4	family	A
Rocky Mountain College of Art and Design	North Central	1963	2000	no	1	family	B
San Joaquin Valley College	WASC-Jr	1977	1995	no	5	family	A
School of Visual Arts	Middle States	1947	1978	no	1	local	M
South College	SACS	1882	2002	no	1	family	B
South University	SACS	1899	1985	no	4	EDMC	D
Strayer University	Middle States	1892	1981	yes	25	Strayer	M
Sullivan University	SACS	1962	1979	no	3	family	M

Table continues

Institution	Accreditor[a]	Founded	Accredited	Multiregion	Campus[b]	Owner[c]	High deg[d]
University of Phoenix	North Central	1976	1978	yes	134	Apollo	D
Wade College	SACS	1962	1985	no	1	family	A
Walden University	North Central	1970	1990	n/a[f]	1	Sylvan	D
Westchester Business Institute	Middle States	1915	2003	no	1	local	A
Western Career College	WASC-Jr	1967	2001	no	3	Priv corp	A
Western International University	North Central	1978	1980	no	5	Apollo	M
Western State University-College of Law	WASC-Sr	1966	1976	no	1	EDMC	J

Note. Only domestic institutions are included.

[a] Northwest = Northwest Commission on Colleges and Universities; WASC-Jr = Western Association of Schools and Colleges, Accrediting Commission for Community and Junior Colleges; WASC-Sr = Western Association of Schools and Colleges, Senior College Commission; North Central = North Central Association Higher Learning Commission (North Central); SACS = Southern Association of Schools and Colleges Commission on Colleges; Middle States = Middle States Association of Schools and Colleges; NEASC-CTCI = New England Association of Schools and Colleges Commission on Technical and Career Institutions.

[b] Number of campuses accredited.

[c] Apollo = Apollo Group, Inc.; CEC = Career Education Corporation; DeVry = DeVry, Inc.; EDMC = Education Management Corporation; family = family owned; Kaplan = Kaplan Higher Education; local = local ownership; Priv corp = Privately-held

corporation; Strayer = Strayer Education, Inc.; Sylvan = Sylvan Learning Systems; Tenet = Tenet Health Systems.

[d] Highest degree awarded. A = Associate's; B = Bachelor's; M = Master's; D = Doctorate; J = Juris Doctorate

[e] Part of the Art Institutes system, the listed campus is accredited individually.

[f] These institutions are virtual universities with essentially no campus-based programs.

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